

MINUTES

Louisiana Deferred Compensation Commission Meeting

November 14, 2017

The monthly meeting of the Louisiana Deferred Compensation Commission was held on Tuesday, November 14, 2017 in the offices of the Plan Administrator, 9100 Bluebonnet Centre Blvd., Suite 203, Baton Rouge, Louisiana, 70809.

Members Present

Emery Bares, Chairman, Designee of the Commissioner of Insurance
Virginia Burton, Secretary, Participant Member
Thomas Enright, Designee of the State Treasurer
Andrea Hubbard, Co-Designee of the Commissioner of Administrator
Whit Kling, Vice-Chairman, Participant Member
Len Riviere, Co-Designee of Commissioner of Financial Institution
Laney Sanders, Participant Member

Others Present

John Morris, State of Louisiana Attorney General's Office
Craig Cassagne, State of Louisiana Attorney General's Office
William Thornton, Senior Manager, Client Portfolio Services AAG *via telephone*
Connie Stevens, State Director, Baton Rouge, Empower Retirement
Jo Ann Carrigan, Sr. Field Administrative Support

Call to Order

Chairman Bares called the meeting to order at 9:58 a.m.
Roll call was taken by Jo Ann Carrigan.

Approval of Commission Meeting Minutes of October 17, 2017

The minutes of October 17, 2017 were reviewed. Ms. Burton motioned for the acceptance of the October 17, 2017 minutes. Mr. Kling seconded the motion. The Commission unanimously approved the minutes.

Acceptance of the Hardship Committee Reports of November 2, 2017 The Hardship Committee Report of November 2, 2017 was reviewed. Mr. Kling motioned for acceptance of the Hardship Committee Report of November 2, 2017. Mr. Riviere seconded the motion. The Commission unanimously approved the report.

Public Comments: There were no public comments.

Minutes

Louisiana Deferred Compensation Meeting

November 14, 2017

Page 2 of 3

Administrator's Report

Plan Update-October 31, 2017: Ms. Stevens presented the Plan Update as of October 31, 2017. Assets as of October 31, 2017: \$1,664.07 Billion; Asset Change YTD: \$153.33 Million; Contributions YTD: \$79.85 Million; Distributions YTD: \$85.11 Million. Net Investment Difference YTD: \$158.59 Million. Ms. Stevens reported that letters have been received from political subdivisions regarding leaving the Plan. The fiduciary responsibilities and obligations the Commission assumes are now transferred to the employer upon leaving the Plan.

Marketing Update 3Q17: Ms. Stevens reviewed marketing activity, including new enrollments, group and individual meetings during the second and third quarters of 2017. Ms. Stevens reviewed the list of most active agencies from the 2nd and 3rd quarters noting that excellent work has been done with Calcasieu Parish Sheriff resulting in a strengthening of relationship between the agency and the Plan.

3Q17 Plan Review: Ms. Stevens presented the 3Q17 Plan Review. Assets as of 9/30/2017: \$1,642.68 Billion. Contributions: \$94.91 Million; Distributions: \$112.66 Million (surpassing contributions by approximately \$18 Million). The average account balance is \$43,553.99 which Ms. Stevens stated was very healthy and indicating a favorable upward trend. Equity performance remains stellar noting that this is the second year with double-digit returns.

UPA-October 2017: Ms. Stevens reviewed the UPA for the month October, 2017. Cash balance on hand as of September 30, 2017: \$2,196,365.89. Ending balance as of October 31, 2017: \$2,569,016.40. Additions included: Gains on contribution corrections, participant recoveries and interest for October. Deductions included: NAGDCA expense reimbursement.

3Q17 Case Reconciliation: Ms. Stevens reviewed the Plan Revenue noting the credit of quarterly participant administrative fees and the debit of the quarterly recordkeeping fee. By design, the Plan is taking in less revenue than the expenses on a quarterly basis and this will be monitored and discussed by Wilshire at the Educational Retreat.

Other revenue coming into the GWRS include loan maintenance and origination fees, Self Directed Brokerage, Stable Value Management, Managed Accounts and Investment Advice.

Custom Stable Value Review

Economic Review 3Q17: Mr. Thornton reported that there is growth throughout the other parts of the globe which may push rates higher. The United States and Britain have been the most stable/consistent in the developed economies. The US economic indicators were reviewed including GDP, inflation, and unemployment. Potential Risks to Market Momentum: Administration (tax plan/implementation/global trade); North Korea; Possibility of a "Hard

Minutes

Louisiana Deferred Compensation Meeting

November 14, 2017

Page 3 of 3

Brexit”; Continuous events displaying growth of populism (Spain), low levels of market volatility in contrast to geopolitical volatility and monetary policies.

Stable Value Fixed Income Fund Quarterly Review 3Q17: Mr. Thornton reported that there was very little change between the 2nd and 3rd quarters of 2017. Duration remained the same. The crediting rate picked up 5 bps for the 4th quarter. There have been minimal changes in any of the custom stable value plans that Great-West manages.

Quarterly Credit Letter 3Q17: Mr. Thornton noted a change in the quarterly credit letter. The Becton Dickinson Bond was sold in August for investment reasons only.

In relation to the review of the Investment Policy Statement for the Custom Stable Value, Mr. Thornton reported that the Commission’s request to be notified whenever a derivative is used can be honored. Wilshire will provide the wording to be used regarding changing of the investment policy with more information available at the December retreat.

Other Business

Mr. Morris announced that Emily Andrews is leaving the AG’s office to begin work with the Department of Agriculture. Mr. Morris and Mr. Cassagne will be taking over the duties of the AG’s office as they relate to the Commission and one or both will be attending the Commission meetings.

Ms. Stevens reminded Commission members that the December Commission Meeting will be held at the Burden Center. An online invitation has been previously sent to each member.

Ms. Stevens distributed a copy of the latest version of the proposed tax reform legislation.

Mr. Enright suggested that efforts be focused on specific agencies to make concrete/measurable contribution improvements over time.

Mr. Kling addressed an item appearing in the proposed tax reform regarding whether or not hardship withdrawals include entire balances or just employee contributions. Ms. Stevens stated that, as the Plan document is currently written, it is interpreted that the entire balance can be withdrawn. This matter will be reviewed further for clarification.

Adjournment

With there being no further items of business to come before the Commission, Chairman Bares declared the meeting adjourned at 11:00 a.m.

Virginia Burton, Secretary